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313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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*To ensure access to high-quality,
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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

May 17, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE COUNTY PURCHASING AGENT TO PROCEED WITH
THE SOLE SOURCE ACQUISITION OF INTUITIVE SURGICAL, INC'S
DAVINCI SURGICAL SYSTEM AT LAC+USC MEDICAL CENTER AND
APPROVE AN APPROPRIATION ADJUSTMENT
(SUPERVISORIAL DISTRICT 1)
(3 VOTES)**

SUBJECT

Authorize the Internal Services Department as the County's Purchasing Agent to proceed with the sole source acquisition of fixed medical equipment for the Department of Health Services' LAC+USC Medical Center's Surgery Department and approve an appropriation adjustment.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Internal Services Department (ISD), as the County's Purchasing Agent, to proceed with the acquisition of a DaVinci Surgical System for the Department of Health Services' (DHS) LAC+USC Medical Center's (LAC+USC MC) Surgery Department at an estimated cost of \$2,456,500.
2. Approve the attached appropriation adjustment in the amount of \$2,457,000 to realign existing Services and Supplies funding to Capital Assets-Equipment for this purchase.

22 May 17, 2016

LORI GLASGOW
EXECUTIVE OFFICER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow DHS to acquire on a sole-source basis a DaVinci Surgical System at LAC+USC MC.

This sole-source acquisition with the vendor on Attachment A is required since Intuitive Surgical, Inc. is the sole distributor/provider of the DaVinci surgical equipment that serves as an integrated surgical system of one comprehensive unit. There are no other such integrated surgical robotic devices manufactured at this time, and this device is not sold through any other distribution channels and there are no other authorized service providers. The system is the only system that is FDA approved.

The DaVinci surgical equipment is the next frontier for minimally invasive surgery and is currently being used at DHS' Harbor-UCLA Medical Center. It will have many benefits for the patient population at LAC+USC MC. These benefits include improved patient satisfaction experiences as a result of decreased lengths of stay, reduced surgical complications, reduced readmission rates, and improved clinical outcomes. In addition, this technology makes LAC+USC MC a premier choice for applicants who have applied to our various Graduate Medical Education Programs.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness and Goal 3, Integrated Service Delivery of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The estimated acquisition costs for a DaVinci Surgical System, identified in Attachment A, is \$2,456,500. This includes equipment, instruments, accessories, and a 12-month warranty. DHS will obtain a Board approved maintenance agreement for on-going maintenance of the equipment when the manufacturer's warranty expires at an estimated annual cost of \$125,000. Also, the medical equipment does not have an installation cost as it is simply powered by connecting it into an electrical receptacle and it is equipped with wheels for mobility.

Approval of the attached appropriation adjustment in the amount of \$2,457,000 will realign existing Services and Supplies funding to Capital Assets-Equipment, to provide funding for the acquisition of this equipment. Funding for the estimated annual maintenance and repair costs will be requested in future fiscal years as needed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 16, 2001, the Board approved the classification categories for fixed assets (now referred to as capital assets) and new requirements for major capital assets purchases requiring County departments to obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater prior to submitting their requisition to the County's Purchasing Agent.

CONTRACTING PROCESS

This acquisition of equipment falls under the statutory authority of the County Purchasing Agent and

will be accomplished in accordance with the County's Purchasing Policies and Procedures established by ISD.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendation will ensure the acquisition of medical equipment which is essential to the operation of LAC+USC MC's Surgery Department and will advance and expedite the care provided to its patients.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.
Director

MHK:az

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Internal Services Department

ATTACHMENT A

**Department of Health Services
LAC+USC Medical Center Surgery Project
Equipment Purchase Over \$250,000**

Item Description	Quantity	Total
Intuitive Surgical, Inc. – DaVinci Dual Console Robotic System	1	\$2,250,000
Freight	1	\$4,000
Tax	1	\$202,500
TOTAL		\$2,456,500

PINK

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BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 160

DEPARTMENT OF HEALTH SERVICES

April 21, 2016

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2015-16

3 - VOTES

SOURCES

LAC+USC Healthcare Network Enterprise Fund
MN4-HG-2000-60010
Services & Supplies
Decrease Appropriation \$2,457,000

USES

LAC+USC Healthcare Network Enterprise Fund
MN4-HG-6030-60010
Capital Assets - Equipment
Increase Appropriation \$2,457,000

SOURCES TOTAL: \$ 2,457,000

USES TOTAL: \$ 2,457,000

JUSTIFICATION

This appropriation adjustment in the amount of \$2,457,000 is to realign within LAC+USC Healthcare Network from Services & Supplies to Capital Assets-Equipment. The adjustment is necessary to fund the acquisition of a DaVinci Surgical System for the Surgery Department.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

Mela Guerrero
AUTHORIZED SIGNATURE Mela Guerrero, Controller, DHS

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

22 MAY 17 2016

Lori Glasgow
LORI GLASGOW
EXECUTIVE OFFICER

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO. 183

April 27 20 16

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

APRIL 27 20 16